

AN ACT

RELATING TO PUBLIC UTILITIES; ALLOWING CERTAIN PUBLIC UTILITIES TO MAKE
RATE ADJUSTMENTS WITHOUT A HEARING.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

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Section 1. Section 62-8-7.1 NMSA 1978 (being Laws 1985, Chapter 221,
Section 3, as amended) is amended to read:

"62-8-7.1. HEARING PROCEDURES FOR CHANGE OF RATES OF SMALL
WATER AND SEWER UTILITIES.--

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A. Whenever there is filed with the commission any schedule proposing any new rates pursuant to Section 62-8-7 NMSA 1978 by any public utility as defined in Paragraph (3) or (5) of Subsection G of Section 62-3-3 NMSA 1978 whose annual operating revenues averaged less than five hundred thousand dollars (\$500,000) over any consecutive five-year period, the rates shall become effective as proposed by the utility without a hearing; provided that the utility shall be required to give written notice of the proposed rates to the ratepayers receiving service from the utility at least sixty days prior to filing the proposed rate change with the commission and provided further that the commission shall enter upon a hearing concerning the reasonableness of any proposed rates filed by such a utility pursuant to Subsections C and D of Section 62-8-7 NMSA 1978 when any rate increase would have the effect of increasing the rates fifty percent or more in any twelve-month period or upon the filing with the commission of a protest seeking review of the proposed rates signed by ten percent or more of the ratepayers receiving service from such a utility. For purposes of this section, each person who receives a separate bill equals one ratepayer and each person who

receives multiple bills equals one ratepayer. The petition shall be signed by the person in whose name service is carried. The petition shall be filed no later than twenty days after the filing with the commission of the schedule proposing the new rates. In all other respects, Section 62-8-7 NMSA 1978 shall apply to such water utilities. If a utility provides both water and sewer service, the annual operating revenues attributable to the provision of water service only shall determine whether the procedures specified in this section shall apply to any schedule proposing any new rates for water service, and the annual operating revenues attributable to the provision of sewer service shall determine whether the procedures specified in this section shall apply to any schedule proposing any new rates for sewer service.

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B. Whenever a schedule is filed with the commission proposing a new rate pursuant to Section 62-8-7 NMSA 1978 by a water or sewer public utility as defined in Paragraph (3) or (5) of Subsection G of Section 62-3-3 NMSA 1978 whose annual customer service connections average one thousand or less over any consecutive three-year period, the rates provided in this subsection shall be effective as proposed by the utility without a hearing; provided that the utility has to give written notice of the proposed rates to the ratepayers receiving the service from the utility prior to filing the rate change with the commission:

(1) ratepayer customer charges, commodity prices and meter installation and miscellaneous approved fees may be increased or decreased by the utility in proportion to the increase or decrease in the federal department of labor consumer price index, all urban consumers, all items, for the periods since the last company rates were approved by the commission and, in the same manner, annually thereafter; provided that such rate adjustments are reported by the utility to the

commission within thirty days after the adjustments have been made by the utility;

(2) increased or decreased costs by increases or decreases in the approved commodity rate for ratepayers effective on the date the third-party increases were incurred for contractual increases in costs of purchased water from unaffiliated third parties, including water purchased for emergency outages due to infrastructure or aquifer failures; provided that such rate adjustments are reported by the utility to the commission within thirty days after the adjustments have been made by the utility; and

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(3) increased or decreased costs of electric rates and associated fees by electric cooperatives or utilities for purchased power effective the date such increases or decreases are incurred by adjusting rates; provided that such rate adjustments are reported by the utility to the commission within thirty days after the adjustments have been made by the utility.

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C. Whenever a schedule is filed with the commission proposing a new rate pursuant to Section 62-8-7 NMSA 1978 by a water or sewer public utility as defined in Paragraph (3) or (5) of Subsection G of Section 62-3-3 NMSA 1978 whose annual customer service connections average over any consecutive three-year period more than one thousand but less than five thousand, the rates provided in Subsection B of this section shall be effective as proposed by the utility without a hearing only if the utility's average monthly billings in the immediately preceding three years are less than fifty percent greater than the average monthly billings for all water or sewer public utilities as defined in Subsection B of this section.

D. If within twenty days after notification of a proposed rate change pursuant to Subsection B of this section, a protest to the change signed by twenty-five

percent or more of the ratepayers is filed with the commission, the change shall not go into effect without a hearing.

E. A rate change shall not go into effect without a hearing pursuant to Subsections B and C of this section if the percentage increase or decrease is more than eight percent per year."